

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:)	
)	
EASTERN LIVESTOCK CO., LLC,)	Case No. 10-93904-BHL-11
)	
Debtor.)	Hon. Basil H. Lorch III

**TRUSTEE'S MOTION TO APPROVE COMPROMISE AND SETTLEMENT
WITH SOUTHEAST LIVESTOCK EXCHANGE, LLC**

Pursuant to Federal Rule of Bankruptcy Procedure 9019, James A. Knauer, as chapter 11 trustee (the "Trustee") for the bankruptcy estate of Eastern Livestock Co., LLC (the "Debtor"), by counsel, respectfully moves (the "Settlement Motion") the Court to approve a compromise and settlement of claims between the Trustee and Southeast Livestock Exchange, LLC ("Southeast"). In support of this Settlement Motion, the Trustee states as follows:

Introduction and Background

1. Certain petitioning creditors commenced the above-captioned chapter 11 case (the "Chapter 11 Case") on December 6, 2010. The Court entered the *Order For Relief in An Involuntary Case and Order to Complete Filing* [Docket No. 110] on December 28, 2010.
2. On December 27, 2010, the Court entered the *Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee* [Docket No. 102] approving the *United States Trustee's Application for an Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee* [Docket No. 98] pursuant to 11 U.S.C. § 1104.
3. The Trustee contends that prior to the Chapter 11 Case, Debtor delivered to Southeast 85 head of cattle (the "Southeast Cattle"). Robert Nichols and/or an entity wholly or partially-owned by Robert Nichols (collectively, "Nichols") paid Southeast \$51,212.65

("Southeast Transfer"), and the Trustee alleges that this Southeast Transfer represents the amount due and owing from Debtor for the Southeast Cattle.

4. The Trustee filed Adversary Proceeding No. 12:59161 (the "AP Lawsuit") on December 27, 2012, naming Southeast as a defendant. In the AP Lawsuit, the Trustee seeks to, among other things, recover the Southeast Transfer, or the value thereof, from Southeast.

5. Southeast filed a proof of claim (the "Southeast POC") in the Chapter 11 Case. The Southeast POC includes claims to amounts at issue in Adversary Proceeding No. 11-59093 (the "Interpleader"). The Southeast POC is designated on the official claims register maintained by The BMC Group, Inc. as claim no. 382 and asserts an unsecured claim totaling \$774,513.54. The Trustee filed an objection [Docket No. 2114] (the "Objection") to the Southeast POC.

The Settlement

6. The Trustee has negotiated a settlement of the AP Lawsuit on the terms set forth in the Settlement Agreement attached hereto as Exhibit A (the "Settlement Agreement"). Pursuant to the Settlement Agreement, Southeast shall pay the Trustee \$13,500.00 (the "Settlement Amount").

7. Within five (5) business days following the Trustee's receipt of the Settlement Amount from Southeast, the Trustee and Southeast shall file (i) a Stipulation of Dismissal in the AP Lawsuit, dismissing all claims against Southeast with prejudice, and (ii) a withdrawal of the Objection.

8. The Trustee's withdrawal of the Objection shall not impair or affect in any way the Trustee's rights to contest Southeast's claims in the Interpleader. Upon the withdrawal of the Objection, the Southeast POC shall be deemed an allowed general unsecured claim in the

amount of \$788,013.54 without the need for further action by Southeast or the Trustee; provided, however, the total allowed amount of the Southeast POC shall remain subject to reduction if and to the extent Southeast receives any recovery on account of the claims asserted in the Southeast POC from the Interpleader or from third parties (i.e., Debtor's GIPSA bond).

Basis for Relief

9. Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), this Court has authority to approve a compromise or settlement on motion made by the Trustee after notice and opportunity for a hearing.

10. Under Bankruptcy Rule 9019, a bankruptcy court should approve a proposed compromise if it is fair and equitable and in the best interests of the estate. See In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d 421, 426 (7th Cir. 2007); Depoister v. Mary M. Holloway Found., 36 F.3d 582, 586 (7th Cir. 1994); Matter of Energy Co-op, Inc., 886 F.2d 921, 927 (7th Cir. 1989).

11. The Trustee believes that the compromise and settlement reflected in the proposed Settlement Agreement is fair and equitable and in the best interests of the estate. Continued litigation with Southeast, including depositions of necessary fact witnesses, would necessarily require significant additional expense with no guarantee of any recovery to the estate.

12. If no objections to this Settlement Motion are filed, the Trustee requests that the Court enter an order approving the Settlement Agreement. If any objections to this Settlement Motion are filed, the Trustee requests that this Settlement Motion and any timely filed objection be scheduled for hearing by the Court on the earliest date that is available and convenient to the Court.

WHEREFORE, the Trustee respectfully requests that the Court enter an order approving the Settlement Agreement and grant the Trustee all other just and proper relief.

Respectfully submitted,

FAEGRE BAKER DANIELS LLP

By: /s/ Dustin R. DeNeal

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CERTIFICATE OF SERVICE

I hereby certify that on April 21, 2014, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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